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# CITY & TOWN

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## Changes to DOE's School Finance Regulations written by Frederick Kingsley

The Department of Education (DOE) has issued new school finance and accountability regulations effective August 15, 1997. These regulations dictate how school spending is reported to DOE to determine if districts are meeting the spending requirements of the Education Reform Act of 1993. There are several changes to these regulations that affect the way a school district's spending is reported to DOE on the End-of-Year Pupil and Financial Report and the way DOE calculates net school spending to determine compliance with the school spending requirement. In the article that follows, we discuss these changes and how they will impact municipal budgets in FY98.

One of the most significant changes in the regulations, and among the least widely known by local officials, concerns the revenues that DOE includes as general fund school revenues. When determining compliance with net school spending requirements, DOE reduces reported school district spending by these general fund school revenues. In prior years, these revenues included general fund tuition (as opposed to school choice tuition which is accounted for in a special revenue fund) paid to a district by another community, rental fees for the use of school buildings and investment income in regional schools. The revised regulations now include the tuition of state wards reimbursement (Line A-5 on the Cherry Sheet) and the reimbursement to *above foundation* districts for charter school tuition as general fund school revenues.

In communities where the reimbursement for the tuition of state wards receipts is deposited into a school department revolving fund, there will be no budgetary impact in FY98 since such communities have always considered these receipts as school revenues. In the other communities, these tuition revenues are typically used to support general municipal spending, as they are part of the total estimated Cherry Sheet receipts used when setting the tax rate. In this case, where a

### *New regulations impact school district spending*

community is spending at or just above its net school spending requirement, it may be necessary to appropriate additional funds to the school budget to be in compliance.

To determine net school spending in FY98, DOE will reduce reported FY98 net school spending by the FY97 actual reimbursement for the tuition of state wards (paid in late September of 1997) rather than the FY98 Cherry Sheet estimate.

The impact of including the reimbursement for *above foundation* charter school tuition as general fund school revenue is somewhat different since these receipts are not included on the Cherry Sheet. Therefore, in most communities these receipts are not budgeted, but rather are closed out at year end and become part of the certified free cash. Including these revenues as general fund school revenues may re-

quire communities at or near their spending requirement to provide supplemental appropriations to the schools. Other things being equal, using these receipts for additional school spending will result in lower free cash certifications in these communities.

Another change in the regulations involves the definition of extraordinary maintenance. Previously, capital maintenance projects costing more than \$25,000 per project were not considered eligible costs to meet net school spending. Rather, these costs were reported in the *Acquisition, Improvement and Replacement of Fixed Assets* account series which is not a component of the net school spending calculation. The new regulations increase this limit to \$50,000 per project, per school. This gives communities a little more flexibility to address capital maintenance needs within their net school spending requirement.

*continued on page seven ➡*

## Inside This Issue

### Legal

Questions & Answers. . . . . 2

### Focus

FY97 Single Family Tax Bills and Property Values . . . . . 3

### DLS Update

Revised Cherry Sheets . . . . . 7

New Bureau Chief . . . . . 7

Webnews . . . . . 7

Municipal Fiscal Calendar. . . . . 8

### Data Bank Highlight

Trends in Tax Bills. . . . . 8

# LEGAL

## *in Our Opinion*

**Q:** *A taxpayer visited the assessors' office and claimed ownership through adverse possession of a vacant parcel abutting his property. What evidence must be presented to permit the assessors to change their assessment records?*

**A:** Adverse possession means that title to real property has been acquired by the undisturbed use of the property that is actual, open, notorious, exclusive, and adverse to the owner for a period of at least twenty years. If the parcel is registered land, no title by adverse possession may be gained (M.G.L. Ch.185 Sec.53). M.G.L. Ch.260 Sec.31 also provides, as a general matter, that the Commonwealth and its political subdivisions may not lose land or interests in land if the real property comes within any of the following very broad categories: conservation, open space, parks, recreation, water protection, wildlife protection or held for other public purpose. See in this regard the Supreme Judicial Court decision of *Town of Sandwich v. Quirk*, 409 Mass. 380 (1991). Evidence of adverse possession may include payment of real estate taxes, residing on the land, improving the land and fencing it. An individual desiring to establish title by adverse possession must bring a court action in the Supreme Judicial Court, Superior Court or Land Court as set forth in M.G.L. Ch.240 Sec.6. Usually, these civil actions are brought in Land Court. By definition, any title to real property acquired by adverse possession is not of record.

Generally, the assessors must assess real property to the owner of record as appearing in the Registry of Deeds and the Registry of Probate. In the absence of a court decree establishing title by adverse possession, the assessors should not change their assessment records.

**Q:** *A seller deeded a parcel to a buyer but the buyer never recorded the*

*deed. May a community assess the property to the grantee under an unrecorded deed?*

**A:** Generally, M.G.L. Ch.59 Sec.11 provides that taxes on real estate must be assessed to the person who is the owner of record on January 1 as appearing in the records in the Registry of Deeds and Registry of Probate for that county in which the property is located. By this statute, the assessors may rely solely on recorded instruments to determine ownership for purposes of assessment. An assessment to the record owner will always be valid. The Supreme Judicial Court held in *City of Boston v. Quincy Market Cold Storage and Warehouse Company*, 312 Mass. 638 (1942) that this statute is for the convenience of assessors and collectors. In the Court's view, M.G.L. Ch.59 Sec.11 permits but does not compel assessment to the record owner. Taxes may be assessed to the actual owner, if different from the owner of record. In *Quincy Market*, the Court upheld an assessment to a grantee under an unrecorded deed from the Commonwealth. The parcel, therefore, was not exempt from taxation as property of the Commonwealth.

In the case at hand, the assessors are not precluded from assessing the parcel to the actual owner or the owner in fact.

**Q:** *Can the assessors change the assessed values of properties which were sold after a revaluation in order for the valuations to reflect the new sales prices?*

**A:** No. Pursuant to M.G.L. Ch.40 Sec.56, the Commissioner every three years certifies as to whether the board of assessors is assessing property at full and fair cash value. For example, if fiscal year 1997 were a revaluation year, then a community would be revalued and certified by the Commissioner as of January 1, 1996. New values would be derived from valuation models and schedules which use calendar

year 1995 sales and market data. A review of sales transactions in calendar year 1996, however, might disclose that fiscal year 1997 values understate current market values as of January 1, 1997 for fiscal year 1998. Assessors must defend their assessed values each year, and any assessment should conform to the constitutionally required full and fair cash valuation standard. The board of assessors, therefore, should update its FY97 valuation models so that all comparable parcels are uniformly valued whether or not they were recently sold. Spot assessment is unlawful while equitable taxation is the goal.

**Q:** *What is the procedure for transferring funds to overlay surplus?*

**A:** In accordance with M.G.L. Ch.59 Sec.25, there is an overlay account for each fiscal year's tax levy which is a reserve for abatements and exemptions against that particular fiscal year's tax levy. If the assessors determine that the balance in an overlay account is in excess of the warrant for personal property and real estate taxes for that year, then the assessors certify by formal vote and the amount is transferred to the fund balance reserved for extraordinary and unforeseen expenditures (commonly known as the overlay surplus account). This action can be taken by the assessors on their own initiative or within 10 days of a written request by the chief executive officer of the city or town. The certification and transfer of any excess amount to overlay surplus remains exclusively within the jurisdiction of the board of assessors.

Any amount transferred to overlay surplus becomes an available fund which can be appropriated for any lawful purpose. Any balance remaining in the overlay surplus account at the end of the fiscal year must be closed out to undesignated fund balance. ■

*Compiled by James Crowley*

# Focus

## on Municipal Finance

### FY97 Single Family Tax Bills and Property Values

This month's Focus reviews changes in average single family tax bills. This analysis is published annually and has become one of the most requested *City & Town* articles. The analyses are based on fiscal year 1997 property tax data reported to the Department of Revenue's Division of Local Services by the local assessors.

Average single family tax bills are calculated by summing the assessed value of all the single family parcels (classification code 101 parcels) for each community. This total is divided by the number of parcels resulting in the average single family property value. The average value is divided by 1,000 then multiplied by the residential tax rate.

### Statewide Trends in Single Family Tax Bills

As in prior years, the first analysis looks at the trend in median commu-

nity single family tax bills since fiscal year 1982. The median is the mid-point in the distribution of values. In other words, half the state's municipalities will have average tax bills higher than the median and half will have average tax bills below the median. Eleven cities and towns with residential exemptions have been excluded from this analysis because their data are not reported in sufficient detail to calculate the average single family tax bill. The communities excluded are Boston, Brookline, Cambridge, Chelsea, Marlborough, Nantucket, Somerset, Somerville, Tisbury, Waltham and Watertown. The remaining 340 cities and towns are included.

Figure 1 shows the median of the community average single family tax bills for most years from 1982 to 1997. The average bills are shown in actual dollars and in constant fiscal year 1997 dollars. Constant dollars are calculated using the Consumer Price Index for All Urban Consumers, Boston.

Figure 1 shows that the median continued to increase in both actual (3.68 percent) and constant (0.69) dollars from fiscal year 1996 to fiscal year

1997. There has been an increase in actual dollars every year reported on the graph. There was an increase in constant dollars for all years except 1986, 1989 and 1992. The overall increase in actual dollars since 1982 has been 108.74 percent (from \$973 to \$2,031). In constant dollars, the increase has been 17.34 percent (from \$1,731 to \$2,031 in fiscal year 1997 dollars).

A second analysis looks at the average single family tax bill for the entire state. Like the first analysis, this analysis used data from the 340 cities and towns which do not have residential exemptions. Calculating the average single family tax bill was a three-step process. First, the residential tax rate was calculated by dividing the total residential assessed value for the state by the total residential tax levy. Next, the average single family home value was calculated by dividing the total value of single family homes by the total number of parcels for the 340 municipalities. Finally, the average tax bill was calculated by multiplying the aver-

*continued on page six* ➡

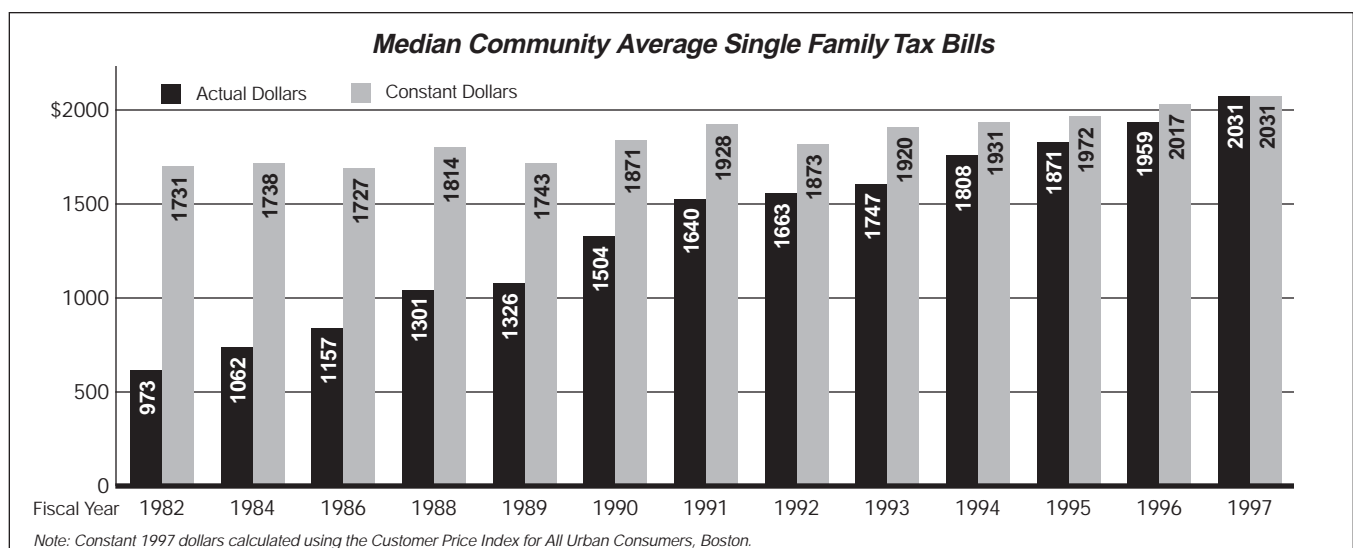


Figure 1

	Avg. Tax Bill FY93	Avg. Tax Bill FY96	% Change 96-97	FY97 Rank	Avg. Tax Bill FY97	% Change 97-98	Avg. Assessed Value FY97	Tax Rate FY97
Municipality	FY93	FY96			FY97			
Hancock	761	825	706	337	-14.4%	7.2	-15.9	17,683
Hanover	2,668	2,746	2,981	53	8.6	16.1	5.4	192,653
Hanson	1,955	2,182	2,239	120	2.6	14.5	-0.3	138,220
Hardwick	1,550	1,545	1,773	220	14.8	15.9	11.5	114,985
Harvard	3,213	3,306	3,718	29	6.0	15.7	3.0	261,621
Harwich	1,590	1,829	1,865	207	2.0	17.3	-1.0	158,011
Hatfield	1,549	1,618	1,649	251	1.9	6.5	-1.0	142,784
Haverhill	1,654	1,998	2,029	171	1.6	22.7	-1.4	114,769
Hawley	1,130	1,263	1,580	269	25.1	38.8	21.5	105,360
Heath	742	1,631	1,616	260	49.9	17.8	-3.8	85,859
Hingham	3,235	3,846	3,938	23	2.4	21.7	-0.6	250,671
Hinsdale	1,228	1,322	1,317	311	-0.4	7.2	-3.2	98,779
Hobbsville	1,747	2,022	2,103	155	4.0	20.4	1.0	109,165
Holden	1,972	2,203	2,272	122	3.4	15.5	0.4	136,334
Holland	1,227	1,607	1,609	264	0.1	31.1	-2.8	101,704
Holliston	2,670	3,061	3,189	46	4.2	19.4	1.2	184,753
Holyoke	1,446	1,645	1,654	250	0.5	14.4	-2.3	94,256
Hopedale	2,356	2,647	2,567	93	-3.0	9.0	-5.8	140,292
Hopkinton	2,473	2,994	3,172	47	5.9	28.3	2.9	218,634
Hubbardston	1,271	1,596	1,612	263	1.0	26.8	-1.9	109,580
Hudson	1,988	2,233	2,258	125	1.1	13.6	-1.8	136,862
Hull	1,970	2,245	2,369	115	5.5	20.3	2.5	120,143
Huntington	1,386	1,423	1,478	292	3.9	5.9	0.9	97,284
Ipswich	2,275	2,554	2,642	88	3.4	16.1	0.5	186,707
Kingsford	1,858	2,137	2,228	132	4.3	19.9	1.3	138,408
Lakeville	1,243	1,620	1,685	241	4.0	35.6	1.0	138,367
Lancaster	1,611	1,828	1,890	198	3.4	17.3	0.4	140,760
Lanesborough	1,465	1,596	1,737	232	8.8	18.6	5.7	109,087
Lawrence	1,219	1,590	1,523	283	-4.2	24.9	-7.0	78,793
Lee	1,461	1,683	1,738	231	3.3	19.0	0.3	113,745
Leicester	1,351	1,531	1,584	268	3.5	17.2	0.5	100,515
Lenox	1,904	2,095	2,149	145	2.6	12.9	-0.4	155,745
Leonard	1,749	1,980	1,904	195	0.7	8.9	-2.2	109,654
Lewistown	2,204	2,670	2,890	64	8.2	31.1	5.1	145,316
Lexington	3,638	4,289	4,417	16	3.0	21.4	0.0	318,210
Leyden	1,882	2,507	2,451	108	-2.2	30.2	-5.0	134,431
Lincoln	5,617	6,039	6,317	2	4.6	12.5	1.6	504,134
Littleton	2,211	2,478	2,527	98	2.0	14.3	-1.0	162,227
Longmeadow	3,249	3,632	3,629	32	-0.1	11.7	-3.0	95,973
Lowell	1,441	1,887	1,890	197	0.2	31.2	-2.7	98,472
Ludlow	1,621	1,764	1,821	215	3.2	12.3	0.3	113,838
Lunenburg	1,771	2,044	2,328	118	13.9	31.5	10.6	126,113
Lynn	1,756	1,746	1,748	228	0.2	-0.5	-2.7	98,418
Lynfield	3,075	3,337	3,347	40	0.3	8.8	-2.6	241,841
Malden	1,718	2,001	2,067	157	3.3	20.3	0.3	127,263
Manchester	3,994	4,542	4,790	9	5.5	19.9	2.4	

	Avg. Tax Bill	Avg. Tax Bill FY96	Avg. Tax Bill FY97	% Change 96-97	% Change 95-97	Avg. Assessed Value FY97	Tax Rate FY97		Avg. Tax Bill	Avg. Tax Bill FY96	Avg. Tax Bill FY97	% Change 96-97	% Change 95-97	Avg. Assessed Value FY97	Tax Rate FY97		Avg. Tax Bill	Avg. Tax Bill FY96	Avg. Tax Bill FY97	% Change 96-97	% Change 95-97	Avg. Assessed Value FY97	Tax Rate FY97						
Methuen	1,836	2,013	2,058	163	-2.2	121	-0.7	122,327	16.82	Princeton	2,553	2,780	2,868	66	3.2	123	0.2	175,334	16.36	Tyringborough	2,385	2,735	2,730	75	-0.2	145	-3.1	138,996	19.64
Middleborough	1,489	1,771	1,848	209	4.3	233	1.3	118,897	15.57	P Provincetown	1,825	2,013	2,033	189	1.0	114	-1.9	178,362	11.40	T Tyngham	1,519	1,714	1,831	212	6.8	205	3.8	200,767	9.12
Middlefield	1,246	1,471	1,552	278	5.1	246	2.1	94,596	16.41	Quincy	1,862	2,049	2,105	174	2.7	131	-0.2	141,103	14.92	Upton	1,564	1,825	2,050	164	12.3	31.1	9.1	174,630	11.74
Middletown	1,881	2,411	2,582	92	7.1	365	4.0	184,678	13.98	Randolph	1,826	1,954	2,019	174	3.3	106	0.4	126,357	15.98	Xbridge	1,781	1,919	2,007	176	4.2	12.7	1.6	119,659	16.77
Milford	1,746	2,234	2,267	124	1.5	298	-1.4	136,386	16.82	Raynham	1,652	1,798	1,866	206	3.8	130	0.8	140,091	13.32	Wakefield	2,204	2,628	2,717	77	3.4	23.3	0.4	172,075	15.79
Milbury	1,423	1,600	1,573	273	-1.7	105	-4.5	110,254	14.77	Reading	2,642	3,377	3,377	37	3.2	27.8	0.2	203,182	16.60	Wales	1,348	1,408	1,443	298	2.5	7.0	-0.5	87,857	16.43
Millis	2,459	2,756	2,855	68	3.6	161	0.6	161,303	17.70	Rehoboth	1,826	1,966	2,059	167	4.7	12.8	1.7	163,421	12.62	Walpole	2,292	2,643	2,800	71	5.9	22.2	2.9	187,386	14.94
Millville	1,892	2,030	2,123	150	4.6	122	1.6	122,005	17.40	Revere	1,790	1,928	1,922	147	5.0	7.4	-3.2	107,323	17.91	Waltham	1,363	1,510	1,613	261	6.8	18.3	3.7	101,006	15.97
Millon	3,048	3,499	3,634	31	3.9	192	0.9	209,658	17.34	Richmond	2,059	2,192	2,322	119	5.9	12.8	2.9	163,325	14.22	Ware	1,145	1,261	1,321	309	4.8	15.4	1.7	94,185	14.02
Monroe	881	711	698	338	-1.8	-20.8	-4.7	55,984	12.46	Rochester	1,845	1,982	1,993	181	0.6	8.0	-2.3	142,902	13.95	Wareham	1,145	1,261	1,321	309	4.8	15.4	1.7	94,185	14.02
Monson	1,649	1,774	1,904	219	1.7	94	-1.2	118,003	15.29	Rockland	1,743	1,939	2,129	148	9.8	22.1	6.6	131,033	16.25	Warren	1,318	1,349	1,447	296	7.3	9.8	4.2	90,500	15.99
Montague	1,442	1,323	1,435	300	8.5	257	5.3	97,254	14.76	Rockport	2,305	2,601	2,937	57	12.5	27.4	9.3	204,537	14.36	Warwick	1,488	1,557	1,470	294	-5.6	-1.2	-8.3	87,642	16.77
Monterey	1,262	1,496	1,549	279	3.5	22.7	0.6	177,885	8.72	Rowe	679	533	572	340	7.3	-15.8	4.2	107,180	5.34	Washington	1,030	1,253	1,308	312	4.4	27.0	1.4	115,769	11.30
Montgomery	1,603	1,862	1,815	318	-2.5	132	-5.3	128,619	14.12	Rowley	2,066	2,425	2,524	99	4.1	22.2	1.1	172,166	14.66	Watertown	1,030	1,253	1,308	312	4.4	27.0	1.4	115,769	11.30
Mt. Washington	1,276	1,002	1,016	328	-1.4	-20.4	-1.5	176,613	5.75	Royalston	789	874	909	333	4.0	15.2	1.0	92,870	9.79	Wayland	4,384	5,177	5,324	5	2.8	21.4	-0.1	313,927	16.96
Nahant	2,581	2,841	2,956	56	4.0	145	1.1	222,902	13.26	Russell	1,364	1,562	1,582	275	0.0	14.5	-2.9	107,513	14.53	Webster	1,103	1,237	1,293	313	4.5	17.2	1.5	112,394	11.50
Nantucket										Rutland	1,453	1,660	1,749	227	5.4	20.4	2.3	118,182	14.80	Wellesley	3,908	4,325	4,555	14	5.3	16.6	2.3	453,698	10.04
Natick	2,384	2,846	2,871	65	0.9	204	-2.0	180,579	15.90	Salem	1,619	2,042	2,145	147	5.0	32.5	2.0	140,851	15.23	Wellfleet	1,576	1,552	1,636	255	5.4	3.8	2.4	188,721	8.67
Needham	3,104	3,392	3,618	33	6.7	166	3.6	280,069	12.92	Salisbury	1,369	1,538	1,613	262	4.9	17.8	1.9	125,496	12.85	Wendell	1,503	1,689	1,728	234	2.3	15.0	-0.6	80,806	21.38
New Ashford	691	691	777	335	12.4	195	9.2	101,135	7.68	Sandisfield	1,316	1,333	1,324	338	-0.7	0.8	-3.5	150,471	8.80	Wenham	2,327	3,712	3,724	28	0.3	15.4	-2.6	293,452	12.69
New Bedford	1,139	1,329	1,440	299	8.4	264	5.2	99,264	14.51	Sandwich	1,822	2,022	2,256	126	11.6	23.8	8.4	142,803	15.80	West Boylston	1,955	2,303	2,477	101	7.6	26.7	4.5	144,006	17.20
New Braintree	1,445	1,670	1,972	186	18.1	365	14.7	124,020	15.90	Saugus	1,578	1,824	1,879	202	3.0	19.1	0.1	157,266	11.95	W. Bridgewater	1,683	1,947	2,058	162	57	22.3	2.7	146,138	14.08
New Marlborough	348	1,525	1,598	265	4.8	185	1.8	161,206	9.91	Savoy	982	1,154	1,187	319	2.9	20.9	-0.1	87,073	13.63	W. Brookfield	1,193	1,474	1,487	290	0.9	24.6	-2.0	112,472	13.22
New Salem	1,076	1,267	1,483	291	17.0	378	13.7	109,864	13.50	Situate	2,464	2,742	2,856	67	4.2	15.9	1.2	192,944	14.80	West Newbury	2,978	3,301	3,388	36	2.6	13.8	-0.3	228,635	14.95
Newbury	1,923	2,287	2,345	116	2.5	219	-0.4	175,955	13.36	Seekonk	1,723	1,811	1,922	192	6.1	11.5	3.1	146,407	13.13	W Springfield	1,584	1,888	1,974	184	4.6	24.6	1.5	115,462	17.10
Newburyport	2,212	2,585	2,681	79	3.7	21.2	0.7	147,930	17.03	Sharon	3,322	3,662	3,692	30	0.8	11.1	-2.1	190,323	19.40	W Stockbridge	2,303	2,550	2,652	86	4.0	15.2	1.0	173,355	15.30
Newton	3,840	4,429	4,641	11	4.8	20.9	1.8	335,126	13.85	Sheffield	1,860	2,047	2,050	185	0.1	10.2	-2.7	142,064	14.43	West Tisbury	1,726	2,326	2,704	78	16.3	56.7	12.9	264,044	10.24
Norfolk	2,704	3,116	3,199	45	2.7	18.3	-0.3	202,473	15.80	Shelburne	1,600	1,645	1,645	254	2.8	-0.1	116,826	14.08	Westborough	2,428	3,026	3,370	39	11.4	38.8	8.2	208,562	16.16	
North Adams	924	1,081	1,131	323	4.6	22.4	1.6	77,372	14.62	Shelborn	5,254	5,879	6,100	3	3.8	16.1	0.8	401,333	15.20	Westfield	1,644	1,866	1,880	201	0.8	14.4	-2.1	120,331	15.62
North Andover	2,533	2,940	3,021	51	2.8	193	-0.2	217,788	13.87	Shirley	1,415	1,625	1,753	225	7.9	23.9	4.8	126,230	13.89	Westford	2,504	2,899	3,059	50	5.5	22.2	2.5	205,277	14.90
N. Attleborough	1,721	2,021	2,103	150	4.1	185	1.1	139,931	15.03	Shrewsbury	1,859	2,126	2,247	129	5.7	20.9	2.6	155,810	14.42	Westhampton	1,932	2,186	2,293	120	4.9	18.7	1.9	133,797	17.14
N. Brookfield	1,154	1,269	1,320	41	4.0	14.4	1.0	100,589	12.50	Shutesbury	1,980	2,456	2,688	83	8.6	34.1	5.5	131,444	20.30	Westminster	1,263	1,558	1,709	237	9.7	35.3	6.5	115,872	14.75
N. Reading	2,640	3,100	3,209	44	3.5	21.6	0.5	193,438	16.59	Somerset	1,790	2,182	2,353	325	4.1	18.9	-2.9	244,406	13.30	Weston	5,880	6,797	7,068	1	4.0	20.1	546.205	12.94	
Norhampton	1,583	1,895	1,995	180	5.3	26.0	2.2	130,642	15.27	Somerville	1,477	1,604	1,723	236	7.4	16.7	4.3	172,680	9.98	Westport	1,477	1,604	1,723	236	7.4	16.7	4.3	172,680	9.98
Northborough	2,585	2,944	2,931	58	-0.4	13.4	-3.3	179,807	16.30	South Hadley	1,690	1,895	1,982	187	3.5	16.1	0.6	128,718	15.24	Westwood	3,134	3,637	3,769	27	3.6	20.3	0.6	273,907	13.76
Northbridge	1,462	1,639	1,683	243	2.7	15.1	-0.3	117,539	14.32	Southampton	1,675	1,803	1,973	185	9.4	17.8	6.3	139,440	14.19	Weymouth	1,755	2,032	2,105	153	3.6	19.9	0.6	133,198	15.80
Northfield	1,497	1,515	1,564	274	3.2	4.5	0.3	100,280	15.60	Southborough	2,724	3,253	3,251	43	-0.1	18.9	-2.9	244,406	13.30	Whately	2,182	2,401	2,438	109	1.5	-1.7	-1.4	141,418	17.24
Norton	1,740	2,033	2,163	144	6.4	24.3	3.3	136,978	15.79	Southbridge	1,415	1,592	1,541	280	-3.2	8.9	-6.0	93,391	16.50	Whitman	2,098	2,336	2,256	128	-3.4	7.5	-6.2	117,526	19.20
Norwell	3,109	3,551	3,796	26	6.9	22.1	3.8	260,886	14.55	Southwick	1,518	1,696	1,771	221	4.4	16.7	1.4	117,438	15.08	Willbraham	2,254	2,551	2,639	89	3.4	71.1	0.5	159,850	16.51
Norwood	1,753	2,017	2,167	143	7.4	23.6	4.3	169,851	12.76	Spencer	947	1,156	1,149	322	-0.6	21.3	-3.5	103,911	11.06	Williamburg	1,669	1,871	1,924	191	2.8	15.3	-0.1	129,103	14.90
Oak Bluffs	1,545	1,939	1,989	182	2.6	28.7	-0.4	161,699	12.30	Spencer	1,275	1,546	1,539	281	-0.5	20.7	-3.3	75,505	20.38	Williamstown	1,948	2,274	2,377	114	4.5	22.0	1.5	185,684	12.8
Oakham	1,327	1,434	1,623	259	13.2	12.3	9.9	132,144	12.28	Sterling	1,920	2,180	2,378	113	9.1	23.9	5.9	148,656	16.00	Wilmington	1,668	1,964	2,031	170	3.4	21.8	0.4	154,104	13.18
Orange	1,254	1,348	1,408	303	-1.3	12.3	1.4	72,863	19.33	Stockbridge	1,783	1,916	2,085	158	7.8	15.8	4.7	197,457	10.46	Winchendon	1,169	1,291	1,291	314	1.7	-1.2	-1.2	90,108	14.33
Orleans	2,099	2,919	2,910	134	0.5	5.3	-2.4	225,316	9.81	Stonham	2,440	2,818	2,895	63	2.7	18.6	-0.2	176,429											

Table 1



## FY97 Single Family Tax Bills and Property Values

→ continued from page three

average residential tax rate for these communities. The results of this analysis for fiscal years 1988 through 1997 are shown in *Figure 2*. They are shown in both actual dollars and in constant fiscal year 1997 dollars.

For the 10 years included in this analysis, the overall average single family tax bill is consistently higher than the median of the community average single family tax bills. The differences range between \$137 and \$271 in actual dollars, and between \$161 and \$271 in constant dollars. The largest difference is in fiscal year 1997 (\$271 in both actual and constant dollars). This consistent pattern can be accounted for by two factors. First, municipalities with average tax bills above the median have more single family parcels than those with average tax bills below the median. Second, the distribution of community average tax bills is positively skewed. The highest average tax bill, Weston's, is \$5,037 above the median of community average of \$2,031. However, the lowest average tax bill, Rowe's, is only \$1,459 below the median. This reflects the fact that the statewide distribution of tax bills is skewed toward the higher end. Therefore, the average of both distributions will be higher than the median.

The trend of the state average bill parallels the trend for the community median, increasing at a greater rate than the Consumer Price Index most fiscal years. Both the median and the average grew less than the inflation index in 1989. The median grew less than inflation in 1992 and the average grew less than inflation in 1993.

### Community Trends in Single Family Tax Bills

*Table 1* shows average single family tax bills in actual dollars for each community in the Commonwealth over a five-year period, along with the percentage change between fiscal years 1996 and 1997 and between fiscal years 1993 and 1997. It also shows the percentage change in constant dollars from fiscal year 1996 to fiscal year 1997. Additionally this table lists the 1997 residential tax rates and average assessed single family property values.

Once again, Weston (7,068), Lincoln (6,317) and Sherborn (6,100) rank the highest in tax burden. The communities with the lowest property tax burden are Monroe (698), Tolland (654) and Rowe the lowest at (572). Between fiscal years 1996 and 1997, the majority of communities (202 or 59 percent) had a moderate increase in their prop-

erty tax bill of 0 to 5 percent. Less than one-third (106 communities or 31 percent) had an increase greater than 5 percent. Less than 10 percent (32 communities) had an the average tax bill decrease.

The data in *Table 1* also shows that a high tax rate is not synonymous with a high tax burden. Wendell, Charlemont, and Brockton rank first, second and third respectively in residential tax rate, however in average bill they rank 234th, 195th and 224th respectively. In fact, of the top 10 communities ranked by residential tax rate only two are in the top 100 for tax bills and none are in the top 50.

The five-year analysis of average single family tax bills showed that over this period 320 communities (95 percent) increased by over 5 percent, with Heath showing the largest increase at 117 percent. The remaining 20 either decreased, or increased less than 5 percent. Adjusted for inflation, the pattern is similar. The average single family tax bill for 222 communities (65 percent) increased greater than 5 percent; the average tax bills for 72 communities increased 0 to 5 percent and the average tax bills for 46 of the 340 communities decreased between fiscal years 1993 and 1997. ■

written by Municipal Data Bank staff

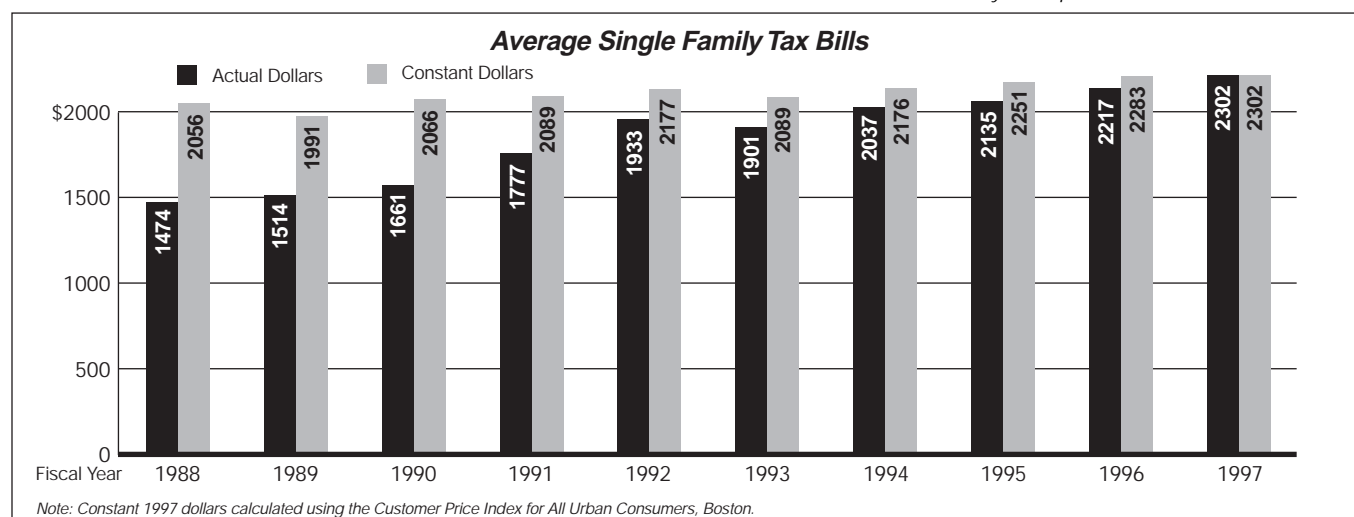


Figure 2

# DLS UPDATE

## Revised FY98 Cherry Sheets

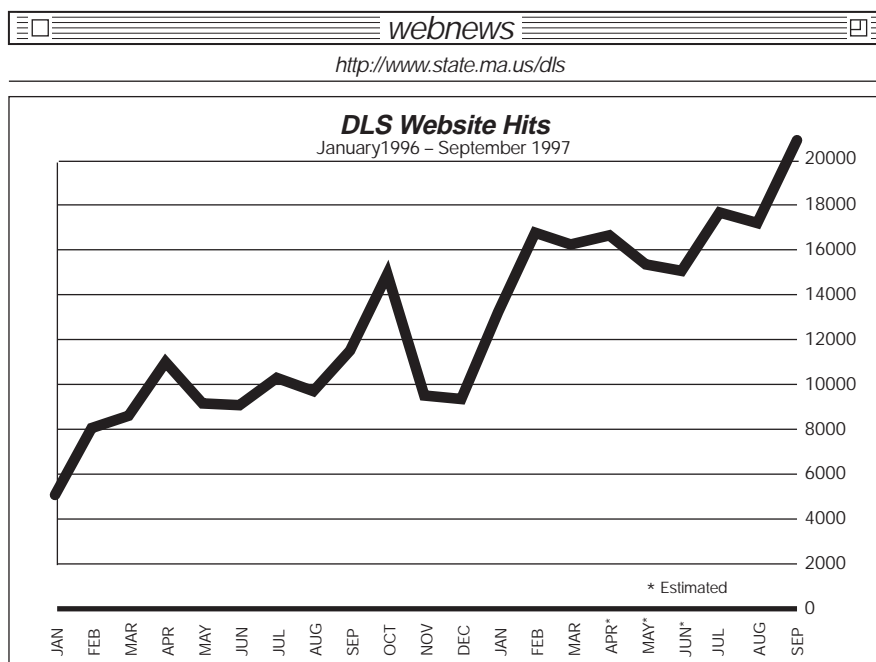
As a result of the recent passage of Chapter 88 of the Acts of 1997, the Department of Revenue has issued revised FY98 Cherry Sheet estimates for two programs. First, Chapter 88 increased various veterans' property tax exemptions and provided for increased state reimbursements for these exemptions. As a result, we have revised line B-9, Exemptions: Veterans, Blind and Surviving Spouse, of the FY98 Cherry Sheet to reflect the increased reimbursement. Second, Chapter 88 provides increased funding for the Police Career Incentive account, line B-6 on the Cherry Sheet. ■

## New Local Assessment Chief

The Division of Local Services (DLS) bids a fond farewell to Gary McCabe, former chief of the Bureau of Local Assessment and welcomes Marilyn H. Browne, its new chief. Gary left the Division for a position in the private sector. Gary's contributions to the assessing and appraisal community, particularly his dedication to training local officials in property appraisal techniques and his inexhaustible response to the needs of assessors statewide, will be missed.

Since joining the the Division's Bureau of Local Assessment in 1986 as a certification program manager, Marilyn has held the positions of section chief in the Technical Assistance Bureau and executive assistant to the deputy commissioner while acting as editor of *City & Town*.

Shortly before joining DLS, Marilyn was an assessor in the Town of Plympton and served on its finance committee from 1987 to 1996. She is past-president of the Association of Town Finance Committees and is currently on the board of directors. ■



## Changes to DOE's School Finance Regulations → continued from page one

The revised regulations also set limits on how capital leases or rental costs for school buildings and non-instructional equipment are considered in the net school spending calculation. These costs will continue to be eligible to meet net school spending through FY2000. Thereafter, these costs will be reported in the *Acquisition, Improvement and Replacement of Fixed Assets* account series and will not count toward net school spending.

Further, the new regulations require that all school districts and charter schools have annual financial audits. Within nine months of the close of the fiscal year, every school district must undergo an independent audit of its financial records and submit the report to DOE. This requirement can be satisfied if the school district's records are audited as part of a general audit of the municipal financial records. Also, under the Single Audit Act, any municipality expending more than \$300,000

in federal financial assistance is required to complete an audit.

Finally, outside section 68 of the 1998 state budget eliminates any state aid penalties for districts that spend at least 95 percent of their net school spending requirement annually. Prior to this change, any district that spent at least 95 percent but less than 100 percent of required net school spending in two consecutive years was penalized. Now, any unspent portion of the net school spending requirement, up to 5 percent, can be carried forward and spent in addition to the next year's requirement. The new language also establishes that carry-forward amounts are deemed appropriated for education and do not have to be re-appropriated by the legislative body in the following fiscal year.

The complete text of the revised school finance regulations is available on the Department of Education's website at: <http://info.doe.mass.edu>. ■

## Municipal Fiscal Calendar

### November 1

**Taxpayer:** *Semi-annual Tax Bill — Deadline for First Payment*

According to M.G.L. Ch. 59, Sec. 57, this is the deadline for receipt of the first semi-annual tax bills or preliminary notices without interest, unless bills were mailed after October 1, in which case they are due 30 days after mailing.

**Taxpayer:** *Semi-annual Tax Bills — Application Deadline for Property Tax Abatement*

According to M.G.L. Ch. 59, Sec. 59, applications for abatements are due on Nov. 1 or 30 days after mailing, whichever is later, unless preliminary tax bills are issued. In that case, applications are due May 1, or 30 days after the actual tax bill mailing, whichever is later.

**Taxpayer:** *Quarterly Tax Bills — Deadline of 2nd Quarterly Tax Bill Without Interest*

**Treasurer:** *Deadline for Payment of First Half of County Tax*

### November 15

**Treasurer:** *First Quarter Reconciliation of Cash (due 45 days after end of quarter)*

A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the Accountant should indicate agreement with the Treasurer's balances. Reconciliations are required every quarter by DOR, but cities and towns should reconcile monthly for their own purposes. Municipalities may also use these reports to monitor cash practices of the Treasurer's office. If the Accountant and Treasurer are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor or Selectmen should inquire as to the reasons.

### November 30

**Selectmen:** *Review Budgets Submitted by Department Heads*

This date will vary depending on dates of town meeting.

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## CITY&TOWN

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## Data Bank Highlight

### Trends in Tax Bills

This month's Focus article analyzes trends in average single family tax bills. The Division of Local Services collects data on all property class types including single family, multi-family, condominiums, open space, commercial and industrial. The Municipal Data Bank prepares a 10-year analysis of parcel counts by property type. There is also a similar analysis based on property value. Property tax trend reports and parcel count data are available on the DLS website.

*To obtain Municipal Data Bank information contact: John Sanguinet at (617) 626-2355 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below.*

## City & Town



*City & Town* is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at <http://www.state.ma.us/dls> or by writing to PO Box 9655, Boston, MA 02114-9655.

**Marilyn H. Browne**, Editor

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